

Message Text

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PAGE 01 STATE 102200

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FM SECSTATE WASHDC

TO AMEMBASSY KATHMANDU

AMEMBASSY COLOMBO

C O N F I D E N T I A L STATE 102200

FOLLOWING REPEAT NEW DELHI 6431 SENT ACTION SECSTATE
INFO KABUL ISLAMABAD DACCA BOMBAY CALCUTTA MADRAS,
MAY 15TH:

QUOTE C O N F I D E N T I A L NEW DELHI 6431

E.O. 11652: GDS

TAGS: PFOR, IR, IN

SUBJECT: INDIANS SEE MRS. GANDHI'S IRAN VISIT AS GREAT
SUCCESS

REF: A. TEHRAN 3593, B. THERAN 3397

1. INDIAN OFFICIALS ARE VERY PLEASED WITH CLIMATE OF
COOPERATION ESTABLISHED DURIIN MRS. GANDHI'S VISIT TO
IRAN.PRESS ACCOUNTS EAGERLY SEIZED ON THE
SHAH'S COMMENT THAT HE COULD NOT RECALL BILATERAL TALKS
WITH OTHER WORLD LEADERS IN WHICH A GREATER DEGREE OF
UNDERSTANDING WAS ATTAINED. THE IMPLICIT AGREEMENT OF
EACH LEADER NOT TO LET THE OTHER'S RELATIONS WITH THIRD
PARTIES INFRINGE ON THE IMPROVEMENT OF INDO-IRANIAN RE-
LATIONS IS PROBABLY THE GREATEST ACHIEVEMENT OF THE
VISIT. THE GRADUAL RELAXATION OF TENSION IN THE SUB-
COTINENT HAS HELPED TO MITIGATE INDIAN CONCERN ABOUT
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PAGE 02 STATE 102200

POSSIBLE IRANIAN MILITARY ASSISTANCE TO PAKISTAN IN THE EVENT OF

ANOTHER MILITARY CONFRONTATION. THE PAKISTANIS APPEAR TO BE CONCERNED THAT IMPROVEMENT IN INDO-IRANIAN RELATIONS IS WORKING TO THEIR DISADVANTAGE (ISLAMABAD 4452).

2. WE AGREE WITH EMBASSY TEHRAN THAT, DESPITE AGREEMENT ON THE ZONE OF PEACE CONCEPT, IRAN AND INDIA DO NOT CONCUR ON THE QUESTION OF FREE TRANSIT OF THE INDIAN OCEAN BY SHIPS OF THE MAJOR POWERS.

3. THE ECONOMIC COOPERATION OUTLINED IN THE COMMUNIQUE AND THE MEMORANDUM OF UNDERSTANDING ADDS LITTLE THAT IS NEW, EXCEPT FOR CREATION OF AN INDO-IRANIAN SHIPPING LINE AND POSSIBLE COOPERATION IN ATOMIC POWER DEVELOPMENT. IT WILL TAKE THREE TO FIVE YEARS BEFORE ANY IRON ORE FROM THE KUDRAMUKJ FIELD MOVES TO MARKET. INDIA'S PLANS TO EXPORT CEMENT, STEEL, AND MANUFACTURED GOODS TO IRAN WILL BE LIMITED BY DOMESTIC SHORTAGES. THE PLAN TO SET UP AN ALUMINA PLANT WITH A CAPACITY OF 300,000 TONS PER YEAR COULD BE SERIOUSLY HAMPERED BY POWER SHORTAGES. THUS, MUCH REMAINS TO BE DONE TO IMPLEMENT THE PLANS LAID IN TEHRAN. THE PRO-GOVERNMENT PRESS TRUST OF INDIA HAS REPORTED HERE THAT A SECOND UNDERSTANDING IS TO BE SIGNED WITHIN TWO MONTHS WHICH ENVISAGES SOFT LOANS TO INDIA OF "WELL OVER" A BILLION DOLLARS, A MORE GENEROUS AMOUNT THAT REFLECTED IN THE COMMENT OF THE IRANIAN OFFICIAL CITED IN PARA 7 OF REF A.

4. THE IMPORTANCE OF THE INTERNATIONAL NEUTRAL FUND AS A SOURCE FOR CREDIT FOR INDIAN DEVELOPMENT WAS HIGHLIGHTED IN THE COMMUNIQUE. INDIA HAS HOPES OF MITIGATING THE EFFECTS OF OIL PRICE INCREASES THROUGH JUDICIOUS BORROWING. WE NOTE THAT IN HER ARRIVAL PRESS CONFERENCE IN NEW DELHI ON MAY 2 MRS. GANDHI SAID SHE DID NOT KNOW IF IRAN WOULD BE ABLE TO SHIP MORE CRUDE OIL TO INDIA. WHEN ASKED IF IRAN HAD AGREED TO LOWER THE PRICE OF CRUDE, SHE REPLIED THAT THIS WAS NOT A MATTER TO BE DISCUSSED IN PUBLIC.
SCHNEIDER

UNQUOTE RUSH

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